

Message Text

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INFO USDOC WASHDC

AMEMBASSY BRASILIA

AMCONSUL SAO PAULO

AMCONSUL BELEM

AMCONSUL PORTO ALEGRE

AMCONSUL RECIFE

AMCONSUL SALVADOR

UNCLAS RIO DE JANEIRO 3744

USDOC PLEASE PASS USTS

E.O. 11652: N/A

TAGS : BEXP BR

SUBJECT : COUNTRY COMMERCIAL ACTION GROUP (CCAG) MEETING,
OCTOBER 29 - REPORT ON VISIT USA COMMITTEE

REFERENCE : BRASILIA 9682

1. SUMMARY: BRAZIL IS CURRENTLY EXPERIENCING A MOUNTING DEFICIT ON TRAVEL ACCOUNT AS PART OF ITS BALANCE OF PAYMENTS DIFFICULTIES. CCAG RECOMMENDS THAT AS A GESTURE OF COOPERATION AND OF FOLLOW-THROUGH ON RECENT AMERICAN SOCIETY TRAVEL AGENTS (ASTA) MEETING IN RIO, NEWLY-FORMED VISIT USA COMMITTEE BE TURNED INTO A BINATIONAL EFFORT, A BRAZIL-US TRAVEL COMMITTEE.
END SUMMARY.

2. FOLLOWING FIRST MEETING OF VISIT USA COMMITTEE IN AUGUST, COMMERCIAL COUNSELOR WROTE TO VARIG AIRLINES ASKING VARIG TO
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FILE A "LETTER OF CONCURRENCE" WITH CIVIL AERONAUTICS BOARD

WHICH WOULD PERMIT VARIG TO CARRY PARTICIPANTS FREE OF CHARGE UNDER THE UNITED STATES TRAVEL SERVICE FAMILIARIZATION TOUR PROGRAM. THE OTHER TWO CARRIERS - PAN AMERICAN AND BRANIFF - REPRESENTED ON THE COMMITTEE HAD ALREADY DONE SO. UNFORTUNATELY, VARIG POLITELY DECLINED TO DO SO. THIS WAS FIRST INDICATION WE HAD THAT GOB WAS BEGINNING TO REGARD WITH CONCERN ITS MOUNTING DEFICIT ON TRAVEL ACCOUNT.

3. ACCORDING TO FIGURES FROM CENTRAL BANK OF BRAZIL, DEFICIT ON TRAVEL ACCOUNT FOR YEARS '72, '73 AND '74 IS \$178 MILLION, \$205 MILLION AND \$247 MILLION RESPECTIVELY. AN EVEN LARGER DEFICIT IS PROJECTED FOR '75. MAJOR EFFORT IS BEING MADE BY GOB THROUGH EMBRATUR TO INCREASE BRAZIL'S LOW RECEIPTS ON TRAVEL ACCOUNT (ONLY \$66 MILLION IN '74). DURING PAST MONTH THERE HAVE BEEN REPORTED RUMORS THAT GOB WOULD TAKE ACTIONS TO STOP LOSS OF FOREIGN EXCHANGE THROUGH TOURISM.

4. IN VIEW OF PREVAILING ATMOSPHERE WITH ITS SENSE OF BALANCE-OF-PAYMENTS CRISIS, A ONE-WAY PROMOTION OF TOURISM SEEMS ILL-TIMED FOR TACTICAL REASONS. CCAG RECOMMENDS THAT AS A GESTURE OF COOPERATION AND OF FOLLOW-THROUGH ON RECENT ASTA MEETING IN RIO, NEWLY-FORMED VISIT USA COMMITTEE BE TURNED INTO A BI-NATIONAL EFFORT - A BRAZIL-US TRAVEL COMMITTEE. WHAT WE WOULD HOPE TO GAIN FROM SUCH A MOVE WOULD BE THE COOPERATION OF VARIG IN THE PROGRAM OF VISIT USA COMMITTEE AS ORIGINALLY ENVISAGED. WHAT WE COULD OFFER TO GOB IS AN OFFICIAL UMBRELLA UNDER WHICH TO ENCOURAGE TOURISM TO BRAZIL FROM US VIA SUCH PROGRAMS AS SISTER STATES UNDER PARTNERS OF AMERICAS PROGRAM, UNDER SISTER-CITY PROGRAMS OR OTHER CHANNELS. AT THIS POINT WE DO NOT SEE SUCH A GROUP FUNCTIONING UNDER AN EQUALLY RECIPROCAL PROGRAM (E.G., RECIPROCAL FAMILIARIZATION TOURS) BUT RATHER AS A PARALLEL EFFORT USING DIFFERING TECHNIQUES. ONE FACTOR TO OUR ADVANTAGE IS THAT BULK OF BRAZIL'S TRAVEL DEFICIT IS VIS--VIS WESTERN EUROPE AND NOT US.

5. VIEWS OF WCAG ON THIS RECOMMENDATION REQUESTED.
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